

# STATE OF WISCONSIN

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MARK MILLER

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## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Mark Miller  
Representative Mark Pocan

Date: March 5, 2010

Re: Department of Corrections Report on Prison Industries for the  
Quarter ending September 30, 2009

Attached is a report on prison industries for the quarter ending September 30, 2009 from the Department of Corrections, pursuant to s. 303.019, Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

MM:MP:jm

**Jim Doyle**  
Governor

**Rick Raemisch**  
Secretary



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## State of Wisconsin Department of Corrections

February 23, 2010

Senator Mark Miller, Senate Chair  
Joint Committee on Finance  
Room 409 South, State Capitol  
P O Box 7882  
Madison, WI 53707-7882

Representative Mark Pocan, Co-Chair  
Joint Committee on Finance  
Room 322 West, State Capitol  
P O Box 8953  
Madison, WI 53708-8953

Dear Senator Miller and Representative Pocan:

Attached is the report on Prison Industries for the quarter ending September 30, 2009 as required by § 303.019 of the Wisconsin Statutes. This report includes the year-to-date cash balances of Badger State Industries at the end of the first quarter.

### Traditional Prison Industries

Traditional Industries provided a cash forward balance of \$712,400 from FY 2009. The first quarter reporting period for FY 2010 from July 1, 2009 through September 30, 2009 shows gross revenues of \$2,404,300 with cash expenditures of \$5,669,400. The first quarter ends with expenditures exceeding revenues by (\$2,552,700).

The projected cash balance for Traditional Industries in FY 2010 indicates a profit of \$378,800, however, when the required cash lapse related to expenditure changes from the 2009-11 Biennial Budget of (\$411,200) is included, the projected cash balance indicates a shortfall of (\$32,400).

On an accrual basis, a \$400,400 profit is projected for FY 2010. When the required 2009-11 biennial budget cash lapse of (\$411,200) is included, the projected accrual basis shows a shortfall of (\$10,800) for FY10.

As shown by these reports; the required budgetary lapse results in a projected shortfall for Traditional Industries in FY 2010. The Department recognizes the projected shortfall and is working diligently towards increasing sales and/or reducing expenditures during FY 2010 in order to accommodate the required lapse as set by the 2009-11 biennial budget.

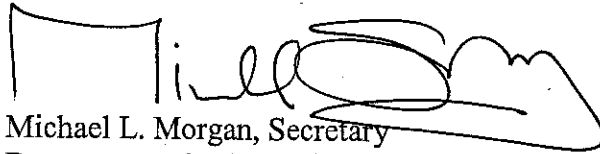
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MAR 05 2010  
BY: *J. Finance*

The Department of Corrections would be happy to respond to any questions you may have on this matter.

Sincerely,



Rick Raemisch, Secretary  
Department of Corrections



Michael L. Morgan, Secretary  
Department of Administration

Attachments

cc: Carrie Templeton, DOC  
William Grosshans, DAI  
Denise Symdon, DAI  
Richard Schneider, DAI  
Tim Peterson, BCE  
Bernie Spiegel, BCE  
Ben Cruz, BCE  
Ben Grattan, BCE  
Chris Wagner, BCE  
Shyam Koppikar, BCE  
Tim Lefave, DAI

Brigette Smith, DAI  
Earl Fisher, DMS  
Dan Steeger, DMS  
Roland Couey, DMS  
Lucie Widzinski-Pollock, DMS  
Sue Loniello, DMS  
Jana, Steinmetz, DOA  
Karina Silver, DOA  
Chris Carmichael, LFB  
Jere Bauer, LFB

## Traditional Prison Industries

### **June 30, 2010 Projected Cash Profit and Loss Statement As of September 30, 2009**

Projected Revenue		\$17,815,000
Projected Cost of Goods Sold	\$15,525,800	
Projected Selling Expense	\$1,250,000	
Projected Administrative Expense	\$1,372,800	
		<u>\$18,148,600</u>
Plus beginning Carry Forward Cash Balance		\$712,400
Projected Cash Profit (Deficit) - June 30, 2010		\$ (333,600)
Projected Cash Balance June 30, 2010 without 2009-11 Required Cash Lapse		<u>\$378,800</u>
Plus beginning Carry Forward Cash Balance		\$712,400
Projected Cash Profit (Deficit) June 30, 2010 including the 2009-11 Required Cash Lapse		\$ (411,200)
Projected Cash Balance June 30, 2010 with 2009-11 Required Cash Lapse		<u>\$ (32,400)</u>

### **June 30, 2010 Projected Accrual Profit and Loss Statement As of September 30, 2009**

Projected Sales		\$17,815,000
Projected Cost of Goods Sold	\$14,772,100	
Projected Selling Expense	\$1,247,100	
Projected Administrative Expense	\$1,395,400	
		<u>\$17,414,600</u>
Projected Accrual Basis Operating Profit (Deficit) - June 30, 2010 without 2009-11 Required Cash Lapse		<u>\$400,400</u>
Less 2009-11 Required Cash Lapse		\$ (411,200)
Projected Accrual Basis Operating Profit (Deficit)- June 30,2010 with 2009-11 Required Cash Lapse		<u>\$ (10,800)</u>

**BADGER STATE INDUSTRIES**

**YEAR TO DATE CASH BALANCE SUMMARY BY INDUSTRY**

**AS OF SEPTEMBER 30, 2009**

**TRADITIONAL INDUSTRIES**

INDUSTRY	CASH BALANCE 7/1/2009	FY-10 YTD REVENUE	FY-10 YTD EXPENDITURE	CASH BALANCE 9/30/2009
NON PROJECT OPERATIONS - 2010	0	17,999	17,999	0
NON PROJECT OPERATIONS - 3070	0	(18,013)	922,373	(940,386)
NON PROJECT OPERATIONS - 3121	0	18,237	18,237	0
NON PROJECT OPERATIONS - 3140	0	23,127	23,127	0
WHEEL CHAIR REFURBISHING - RGCI	0	412	4,072	(3,660)
CHIPPEWA FALLS LAUNDRY	(980,209)	49,373	203,815	(1,134,652)
METAL STAMPING	18,033,520	177,565	350,396	17,860,689
OSHKOSH LAUNDRY	90,219	318,719	204,631	204,307
DISTRIBUTION CENTER	0	1,582	375,634	(374,052)
GBCI TEXTILES	(4,187,837)	86,448	198,980	(4,300,369)
KMCI TEXTILES	(209,927)	0	20,961	(230,888)
TRANSITION PROGRAM	0	0	32,880	(32,880)
SIGNS	2,142,221	208,655	464,440	1,886,436
NLCI HYDRO STRIPPER	(747,336)	2,022	53,134	(798,448)
JCI SIGN SHOP	(278,885)	35,964	65,358	(308,279)
SILKSCREENING SERVICES	(3,985,364)	36,147	66,335	(4,015,552)
COLUMBIA PRINTING	(3,050,709)	140,489	249,559	(3,159,779)
RACINE COPY CENTER	0	0	2,181	(2,181)
WOOD & LAMINATING	(13,041,824)	382,386	558,461	(13,217,899)
METAL FURNITURE	(47,724,890)	287,530	948,099	(48,385,459)
SYSTEM FURNITURE	55,091,822	232,029	226,100	55,097,750
UPHOLSTERY	(438,411)	403,670	662,604	(697,345)
<b>TOTAL</b>	<b>712,400</b>	<b>2,404,300</b>	<b>5,669,400</b>	<b>(2,552,700)</b>

**Notes:**

A. Management & Support costs (Non Project Operations-3070), Distribution Center costs, Wheel Chair Recycling costs and Transition Program costs are substantially allocated to the appropriate Industries in the current fiscal year. Any remaining unallocated costs will be allocated in the next fiscal year.

B. Non Project Operations-3121 are related to Officer salary that is allocated to Metal Stamping

C. System Furniture Sales are derived from products manufactured by the other Industries: Wood & Laminating, Metal Furniture & Upholstery. Costs for those products are retained by the originating shop.